

AMENDED IN ASSEMBLY JUNE 16, 2004

SENATE BILL

No. 1596

Introduced by Senator Ducheny

February 20, 2004

~~An act to add Section 3695.6 to the Revenue and Taxation Code, An act to amend Sections 3361, 3362, 3691, 3691.2, and 4217 of, and to add Section 3692.4 to, the Revenue and Taxation Code, relating to taxation.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1596, as amended, Ducheny. Taxation: delinquent taxes: public auction.

Existing property tax law generally authorizes a county tax collector to sell tax-defaulted property 5 years or more, or 3 years or more, as applicable, after that property has become tax defaulted. Existing law also authorizes a public agency, as provided, or a nonprofit organization to file a written objection to a proposed sale of tax-defaulted property. The written objection shall include certain written statements regarding the potential public use of the property, in the case of a public agency, or certain written statements regarding the rehabilitation and use of the property for low-income persons, in the case of a nonprofit organization.

This bill would permit a city, county, city and county, or nonprofit organization to request the tax collector to bring a developed or undeveloped parcel of real property to the next scheduled public auction if the taxes on the real property have been delinquent for at least 3 years and the real property could provide housing or services directly related to low-income persons. This bill also enumerates information that must be included in the request, and requires the tax collector to include the

real property in the next scheduled public auction upon receiving the request. *This bill would also make conforming changes with respect to the requirement to sell tax-defaulted property and the notice of that sale.*

By imposing new requirements upon tax collectors, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 ~~SECTION 1. Section 3695.6 is added to the Revenue and~~
2 SECTION 1. Section 3361 of the Revenue and Taxation Code
3 is amended to read:
4 3361. Annually, on or before June 8th, the tax collector shall
5 publish a notice of power and intent to sell all property which will
6 be tax defaulted for ~~five~~ either of the following:
7 (a) Five years or more on the date specified.
8 (b) Three or more years on the date specified in the case of real
9 property that could serve the public benefit by providing housing
10 or services directly related to low-income persons, for which a
11 request has been made by a city, county, city and county, or
12 nonprofit organization, as defined in Section 3772.5, to offer that
13 property at the next scheduled public auction.
14 SEC. 2. Section 3362 of the Revenue and Taxation Code is
15 amended to read:
16 3362. The published notice shall show:
17 (a) The date of the notice.
18 (b) That on July 1, five years or more will have elapsed since
19 the property became tax defaulted, *or in the case of real property*
20 *that could serve the public benefit by providing housing or services*
21 *directly related to low-income persons, three years or more have*
22 *elapsed, and a request has been made by a city, county, city and*
23 *county, or nonprofit organization, as defined in Section 3772.5, to*
24 *offer that property at the next scheduled public auction.*

1 (c) That, unless sooner redeemed or an installment plan of
2 redemption is initiated, the property will be sold.

3 (d) That the power to sell for nonpayment of taxes arises if the
4 property remains tax defaulted at 12:01 a.m. on July 1.

5 (e) That if the property is sold for nonpayment of taxes the right
6 of redemption will terminate.

7 (f) The official who will furnish all information concerning
8 redemption.

9 (g) The fiscal year for which the defaulted taxes were levied.

10 (h) A description of the property. The assessments contained in
11 this notice shall be numbered in ascending numerical order.

12 (i) The amount of taxes originally declared in default opposite
13 the description of the property.

14 (j) The name of the assessee on the current roll.

15 (k) The street address of the property, if any, shown on the
16 county assessment records.

17 *SEC. 3. Section 3691 of the Revenue and Taxation Code is*
18 *amended to read:*

19 3691. (a) (1) Five years or more after the property has
20 become tax defaulted, the tax collector shall have the power to sell
21 and shall attempt to sell in accordance with Section 3692 all or any
22 portion of tax-defaulted property that has not been redeemed,
23 without regard to the boundaries of the parcels, as provided in this
24 chapter, unless by other provisions of law the property is not
25 subject to sale. Any person, regardless of any prior or existing lien
26 on, claim to, or interest in, the property, may purchase at the sale.
27 In the case of tax-defaulted property that has been damaged by a
28 disaster in an area declared to be a disaster area by local, state, or
29 federal officials and whose damage has not been substantially
30 repaired, the five-year period set forth in this subdivision shall be
31 tolled until five years have elapsed from the date the damage to the
32 property was incurred.

33 (2) When a part of a tax-defaulted parcel is sold, the balance
34 continues subject to redemption and shall be separately valued for
35 the purpose of redemption in the manner provided by Chapter 2
36 (commencing with Section 4131) of Part 7.

37 (b) (1) (A) Three years or more after the property has become
38 tax defaulted and subject to a nuisance abatement lien *or a request*
39 *has been made by a city, county, city and county, or nonprofit*
40 *organization, as defined in Section 3772.5, to offer that property*

1 *at the next scheduled public auction pursuant to Section 3361*, the
2 tax collector shall have the power to sell and may sell all or any
3 portion of tax-defaulted property that has not been redeemed,
4 without regard to the boundaries of parcels, as provided in this
5 chapter, unless by other provisions of law the property is not
6 subject to sale. Any person, regardless of any prior or existing lien
7 on, claim to, or interest in, the property, may purchase at the sale.

8 (B) When a part of a tax-defaulted parcel is sold, the balance
9 continues subject to redemption and shall be separately valued for
10 the purpose of redemption in the manner provided by Chapter 2
11 (commencing with Section 4131) of Part 7.

12 (2) Before the tax collector sells vacant residential developed
13 property pursuant to this subdivision, actual notice, by certified
14 mail, shall be provided to the property owner, if the property
15 owner's identity can be determined from the county assessor's or
16 county recorder's records. The tax collector's power of sale shall
17 not be affected by the failure of the property owner to receive
18 notice.

19 (3) Before the tax collector sells vacant residential developed
20 property pursuant to this subdivision, notice of the sale shall be
21 given in the manner specified by Section 3704.7.

22 *SEC. 4. Section 3691.2 of the Revenue and Taxation Code is*
23 *amended to read:*

24 3691.2. The notice shall specify:

25 (a) That five years or more have elapsed since the taxes or
26 assessments on the parcel were declared in default, *or that,*
27 *pursuant to Section 3692.4, three years or more have elapsed and*
28 *a request has been made by a city, county, city and county, or*
29 *nonprofit organization, as defined in Section 3772.5, to offer that*
30 *property at the next scheduled public auction.*

31 (b) That the property was duly assessed for taxation and the tax
32 legally levied.

33 (c) That the property is subject to sale for nonpayment of taxes.

34 (d) The amount of taxes originally declared to be in default,
35 unless there has been a partial cancellation of taxes, a redemption
36 from a portion thereof, or a correction under Sections 4831.5 and
37 4876.5, in any of which events, the amount shall be the balance
38 remaining.

39 (e) A metes and bounds or lot-block-tract description of the
40 property.

SEC. 5. Section 3692.4 is added to the Revenue and Taxation Code, to read:

~~3695.6.—~~

3692.4. (a) Notwithstanding any other provision of law, any county, city, city and county, or any nonprofit organization as defined in Section 3772.5, may request the tax collector to bring to the next scheduled public auction any developed or undeveloped real property that meets the following requirements:

(1) The property taxes have been delinquent for at least three years.

(2) The real property could serve the public benefit of providing housing ~~or services~~ directly related to low-income persons.

(b) Every request submitted to the tax collector shall include the following:

(1) A formal resolution of the governing board of the county, city, city and county, or nonprofit organization, requesting the accelerated auction of the real property and stating the public benefit.

(2) A written plan for the development, rehabilitation, or proposed use of the real property and how low-income persons will be served.

(3) If the request is from a nonprofit organization, the request shall have a formal resolution of approval from the city council of the city in which the real property is located, or from the board of supervisors of the county if the real property is located in an unincorporated area.

(c) Upon receiving a request as provided by this section, the tax collector shall include the real property in the next scheduled public auction.

(d) This section may not be construed to preclude the application, to the real property or the current owners of that property, of any other provision of law not in conflict with this section.

~~SEC. 2.—~~

SEC. 6. Section 4217 of the Revenue and Taxation Code is amended to read:

4217. Any person may elect to pay delinquent taxes in installments under this article at any time prior to 5 p.m. on ~~June 30 of the fifth year after the property became tax defaulted~~ ~~the last~~

1 *business day prior to the date when the tax collector obtains the*
2 *power to sell the property*, except that if payment of delinquent
3 taxes in installments is started under this article and the amount
4 required to be paid in any fiscal year is not paid as required by this
5 article, payments on property which, but for the installment
6 redemption plan, would have been subject to a power of sale
7 pursuant to Section 3691 during the calendar year in which default
8 on the redemption plan occurs may not again be started under this
9 article. All other payments may be started on or after July 1 of the
10 fiscal year commencing after the fiscal year in which default
11 occurred.

12 Persons electing to pay delinquent taxes in installments may be
13 subject to a fee for processing their request.

14 The fee for payment of delinquent taxes in installments to the
15 tax collector may be established by ordinance by the board of
16 supervisors. The fee shall be governed by the provisions of
17 Chapter 12.5 (commencing with Section 54985) of Part 1 of
18 Division 2 of Title 5 of the Government Code and may be collected
19 on the tax bill.

20 *SEC. 7.* No reimbursement is required by this act pursuant to
21 Section 6 of Article XIII B of the California Constitution because
22 this act provides for offsetting savings to local agencies or school
23 districts that result in no net costs to the local agencies or school
24 districts, within the meaning of Section 17556 of the Government
25 Code.

